



•Mulcahy Accounting & Risk Consulting•

William J. Mulcahy, CIA

Penultimate Version

February 20, 2018

Advisory Audit Committee
City of Brookhaven, Georgia

This report of the City Internal Auditor updates you on my activities since my last report. This report is divided into sections as follows:

1. Internal Audit. – 4th Quarter 2017, Municipal Court update
2. Internal Audit Plan for 2018 by quarter, as approved by Mayor and City Council, after input from Advisory Audit Committee.
3. Consideration for future internal audits - Risks mentioned in connection with Risk Assessment

1. Internal Audit

Municipal Court – review policy and procedures including collections and follow up on prior internal audit recommendations

Findings and Results:

- a. Since my last internal audit, the City of Brookhaven issued a RFP for probation services and selected a new vendor. The new vendor has started work and my observation is customer services and collections are improving.
- b. Since my last internal audit, the City of Brookhaven issued an RFP for a new Solicitor. At the time of my site visit to Municipal Court, the prior Solicitor was still in place but I did note that they were properly performing their duties.
- c. I requested the Municipal Court policy and procedures manual, and found out such a document has yet to be prepared. The City founded in 2012 has been around long enough that such a document should have been prepared and being followed. I looked at collections on a test basis, even without a policy to follow, and found no exceptions on cash collections being deposited in the bank. However, I did note that the bank account was not being properly reconciled, because while daily cash collections were being reconciled, credit card collections

were not being reconciled. Further, I recommend cash reconciliation procedures be established and followed.

d. The City of Brookhaven disclosed to me the bond account was not being properly reconciled but that there is a plan in place to get it reconciled soon.

e. When a fine is recorded and shown on the daily court docket, but the fine is adjudicated to zero, the software continues to carry the original amount. A software patch or an adjustment needs to be made to correct this. Further, monthly procedures need to be put into place "age" the amounts owed to the City of Brookhaven to facilitate review, reconciliation and adjustments.

Management response. Pleased to see progress is being made in the areas of probation and the solicitor. City is committed to making additional progress and implementing the recommendations above. The City asks the auditor to return in May 2018 for another update.

2. Internal Audit Plan for 2018 by quarter

1st Quarter – Police evidence inventory and security. Operational area – Assistant City Manager/CFO; Risk area – Financial.

2nd Quarter – Information Systems Security process and procedures. Operational area – Information Technology; Risk Area Compliance and Financial

3rd Quarter – Permit fees revenue and expense. Operational area – Finance Director; Risk area – Financial

4th Quarter – Code Enforcement. Operational area – Compliance; Risk area – Regulatory.

3. Consideration for future internal audits - Risks mentioned in connection with Risk Assessment –

- Organizational management, including 1099 independent contractors vs. employees, and answering the following questions, is Brookhaven a workplace of choice? Has turnover resulted in a brain drain? What is the Brookhaven culture? Operational area – City Manager; Risk area – Strategic.
- Purchasing policy and procedures. Operational area – Finance Director; Risk area – Financial.
- Accounts payable policy and procedures. Operational area – Finance; Risk area – Financial.

- Federal, state and local grants & contract compliance & documentation. Operational area – Compliance; Risk area – Regulatory.
- Tyler system implementation. Operational area – Assistant City Manager/CFO; Risk area - Technology
- Alcohol to food sales ratio as well as alcohol license revenue and process. Operational area – Finance Director; Risk area - Regulatory
- Training sessions and forms for hotel motel tax collections. Operational area – Finance Director; Risk area - Regulatory
- Parks and recreation. Operational area – Finance Director; Risk area - Operational
- Process for selection of streets to pave and administration of the paving contract including quality control procedures. Operational area – Assistant City Manager/CFO; Risk area – Strategic.
- Brookhaven Finance Corporation. Operational area – Assistant City Manager/CFO; Risk area – Financial

Any questions, let me know.

Sincerely,

William J. Mulcahy

William J. Mulcahy, CIA
City Auditor
City of Brookhaven

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